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23 April 1959

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CENTRAL

INTELLIGENCE

BULLETIN



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## CENTRAL INTELLIGENCE BULLETIN

23 April 1959

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### DAILY BRIEF

#### I. THE COMMUNIST BLOC

OK  
Communist China: China's 1959 economic plan and budget, presented to the National People's Congress on 21 April 1959, call for an even greater economic effort than last year. Despite shortages of key materials, power, and transport, the 1959 plan schedules an increase in total output larger in absolute terms than the record increase claimed last year. Scheduled increases in budget revenues and expenditures do not appear fully to reflect the levels of production and construction said to have been achieved last year. Direct outlay for defense of about \$2.36 billion is up by some \$325,000,000, and amounts to 11 percent of total spending, the smallest percentage since Peiping came to power.

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Watch Committee conclusion--Soviet bloc: (No Sino-Soviet bloc country intends deliberately to initiate direct military action against US forces abroad, US allies, or areas peripheral to the Orbit in the immediate future.)

Berlin: (No significant changes bearing on the possibility of hostilities.)

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#### II. ASIA-AFRICA

No  
Iraq: Mass rallies against "imperialism," commemorating the Bandung conference, are scheduled for 24 April in Baghdad and elsewhere in Iraq. These demonstrations will be sponsored by numerous Communist-dominated mass organizations and will serve to keep non-Communist elements aware of the Communist "power of the street." Communist leaders might also take the opportunity to complicate further the Qasim regime's relations with the West by staging incidents involving Western personnel and property.

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Watch Committee conclusion-- Middle East: Situations susceptible of direct exploitation by Sino-Soviet bloc action which would jeopardize US interests exist in the Middle East, particularly in Iraq. The situation in the area remains precarious, but a deliberate initiation of large-scale hostilities is unlikely in the immediate future.

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Iraq: The Communists are progressively achieving control in Iraq, although for the present they may prefer not to move to take power in their own name.

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NO  
Japan-Korea: (Japanese Foreign Ministry officials now believe that agreement with North Korea on repatriation of Koreans in Japan is unlikely. During negotiations in Geneva, the North Koreans have adamantly opposed any form of screening by the International Committee of the Red Cross, as insisted on by Japan. Unless North Korea relaxes its stand, the talks may be broken off, paving the way for a possible resumption of Japan's negotiations with South Korea on over-all problems.)

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### III. THE WEST

*NO*  
France - Guinea - bloc arms: Paris is studying means, including interception at sea, to control future shipments of Soviet bloc military equipment to Guinea, and is likely soon to request US-British concurrence in its decision. French officials profess fears--probably without foundation at this time--that Sekou Touré intends to use his new arms supply, which appears to be in excess of the needs of Guinea's approximately 2,000-man security force, to support early guerrilla operations against neighboring states of the French Community. In addition to a gift shipment of arms from Czechoslovakia last month, Guinea has recently reportedly received a new supply of other materiel.

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*OK*  
Cuba: Raul Castro, the irresponsible Communist-influenced brother of the prime minister, strongly attacked the United States as one of the "enemies of the Cuban Revolution" in a speech in Havana on 20 April. Raul Castro's statements are consistent with the public anti-American position he has taken in the past and are considerably at variance with Fidel's conciliatory attitude during his visit to the US, which Raul's remarks are probably intended to offset.

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**CORRECTION:** (The Conclusions of the Special USIB Committee  
on Berlin Situation published in the Central Intelligence  
Bulletin of 22 April 1959 should have been marked

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## I. THE COMMUNIST BLOC

### Communist China's Economy

Communist China's 1959 economic plan and budget, presented to the National People's Congress on 21 April, picture an economy which will continue to "leap ahead" at unprecedented speed. The 1959 plan gives every indication of having been based on Peiping's 1958 production claims, which--at least in the case of agriculture--are not accepted outside of China. It is certainly an ambitious plan, retaining the high targets for key commodities set last December and scheduling a larger absolute increase in total value of industrial and agricultural output than last year.

The congress was warned that the lag in the availability of key materials, power, and transport will persist in view of the regime's continued insistence on the most rapid overall development. Speakers at the congress pointed to the "impracticality" of achieving larger percentage increases in output every year and cautioned that in the course of further leaps forward it is entirely possible that production in some fields, particularly agriculture, might even decrease on occasion.

A "bold and well-founded" 1959 budget calls for balanced revenues and expenditures at a new high of \$21.4 billion although the increases do not appear to reflect fully the levels of production and construction said to have been achieved under the giant leap. Most of the 24-percent increase in revenues will come out of increased earnings by state enterprises. Budgeted spending is up 27 percent.

Direct allocations for defense will increase 16 percent to \$2.36 billion, the largest figure since 1956. However, it amounts to only 11 percent of total programmed spending, the smallest percentage since the Communists came to power. Substantial expenditures for defense are believed to be hidden elsewhere in the budget. The new budget sets aside, for the first time, some \$400,000,000 for investment in communes with "poorer economic conditions."

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Japanese - North Korean Repatriation Agreement Unlikely

(A responsible Japanese Foreign Ministry official believes, under present circumstances, that the current discussions in Geneva between the Japanese and North Korean Red Cross societies are unlikely to result in agreement on a plan to repatriate Korean residents in Japan. He expects that the talks will be broken off "after two or three more meetings" if North Korea continues opposed to any screening of potential repatriates by the International Committee of the Red Cross, as insisted upon by Japan, and maintains its demand that repatriation lists submitted by the association of leftist Korean residents in Japan be accepted as final.)

(North Korea probably sees in the Geneva negotiations an opportunity for enhanced international standing and a chance further to irritate South Korean - Japanese relations. Rather than permit a breakdown in the talks, Pyongyang may modify its position on ICRC screening. It will probably not press for an early settlement, however, since implementation of any agreement would reveal that only a very small number of North Koreans in Japan wish repatriation, contrary to Pyongyang's claims.)

(The Foreign Ministry official has asserted that failure of the talks is the best solution to the repatriation crisis because it would permit the resumption of negotiations with South Korea on the over-all problems--the status of Koreans in Japan, the Rhee line, and Korea's detention of Japanese fishermen. Seoul has called for a resumption of negotiations with Japan, which were suspended on 13 February, but indicated that the Geneva talks must first be broken off.)

(In addition, North Korea's rejection of an impartial supervision of the repatriation program would enable the Kishi government to convince the Japanese public, prior to the important upper-house elections in June, that it had gone to reasonable lengths to solve this problem.)

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III. THE WEST

France Considering Naval Action to Check Flow of Soviet Bloc Arms to Guinea

(Paris is studying means, including interception at sea, to control the flow of Soviet bloc arms to Guinea, and intends to raise the matter in later Western tripartite talks on policy coordination, according to French officials participating in the current series of tripartite talks on Africa. French civilian and military officials in West Africa allege that Guinea, as part of an "arms bargain" with the bloc, is arming guerrilla bands for operations against neighboring states of the French Community.)

(High Paris officials, in arguing for closer Western policy coordination, have cited Guinea as a focal point for Communist penetration of Africa and as a potential security threat to its neighbors. In the tripartite talks, French representatives have characterized the area from France's southern coast to the equator as a single strategic zone of vital importance to French national interests.)

(An initial gift shipment of military materiel from Czechoslovakia arrived in Conakry aboard a Polish ship on 18 March.

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A subsequent Czech shipment including two or three light tanks and some army field kitchens, presumably part of the same gift arrangement, reportedly arrived late last week, also via a Polish vessel. In addition to re-equipping and perhaps expanding Guinea's present 2,000-man security force, Touré may assign some of this materiel to militant members of Guinea's single political party.)

(Any Western interference with bloc shipments consigned to Guinea would be bitterly resented and vehemently protested by Touré and might make him even more receptive to close ties)

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(with the bloc than he is now. He has said several times recently that he regards acceptance of Czech arms as a normal development in Guinea's neutralist foreign policy. He has already accused France of exploiting the issue as part of a general diplomatic effort to discredit Guinea.)

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Raul Castro Implicates United States as "Enemy  
Of Cuban Revolution"

Raul Castro, irresponsible and bitterly anti-US brother of the Cuban prime minister, lambasted "enemies of the Cuban Revolution," including the United States, in a speech at the University of Havana on 20 April. The speech, which Raul Castro himself termed "carefully considered," was described by the US Embassy as "unrestrained and savage." It stands in sharp contrast to Fidel Castro's attempts during his visit in the United States to minimize anti-US sentiment in Cuba and to discount the "neutralist" policy espoused in his own speeches prior to his arrival in Washington.

The speech did follow the prime minister's most recent public statements that Cuba, adhering to the principle of nonintervention in the internal affairs of other countries, would not allow revolutionary expeditions against Latin American dictators to embark from Cuban soil. Several such expeditions have been stopped, but none of them involved groups generally considered to be supported by Raul Castro and the pro-Communist military leader "Che" Guevara. Both Raul and Fidel Castro have stated that antidictator exiles will continue to be welcomed and given moral support in Cuba.

Raul Castro's speech may well have been an attempt to enhance his position during his brother's absence. He had gained considerable prominence during the last six months of the fight against Batista, particularly following his kidnaping of US citizens in late June, but has been eclipsed by his brother's popularity and dominant position since 1 January. Perhaps of significance in the speech was Raul's reference to the kidnapings, of which Fidel had strongly disapproved, as an important milestone in the revolution.

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